



April 28, 2015

HOUSE RESOLUTION No. 81

Introduced by: Cherry

April 28, 2015, read first time and referred to Committee on Rules and Legislative Procedures.

A HOUSE RESOLUTION urging the legislative council to assign to the appropriate study committee the topic of the sales and use tax deduction for certain bad debt.

Whereas, Under the state gross retail and use tax, a retail merchant is entitled to deduct certain amounts in determining the amount of state gross retail and use taxes the retail merchant must remit to the state;

Whereas, A retail merchant is entitled to deduct from the retail merchant's gross retail income an amount equal to the retail merchant's receivables attributable to uncollectible debt;

Whereas, Retail merchants that issue a charge card, credit card, or account that carries, refers to, or is branded with the



name or logo of the retail merchant that can be used for purchases from the retail merchant whose name or logo appears on the card or account or for purchases from any of the retail merchant's affiliates or franchisees are not allowed a deduction for uncollectible debt in the same manner as other uncollectible debt;

Whereas, A method for determining uncollectible debt related to private label credit cards is necessary to accurately determine the amount of the deduction; and

Whereas, The method used for the deduction should include requirements that all credit sale transaction amounts outstanding in an account at the time the account is charged off are included, that the retail merchant maintain adequate books, records, or other documentation supporting the charge off of the accounts, and that the retail merchant include any amount deducted but subsequently collected as part of the retail merchant's gross retail income for the reporting period in which the retail merchant or lender makes the collection: Therefore,

*Be it resolved by the House of Representatives of the
General Assembly of the State of Indiana:*

- 1 SECTION 1. That the legislative council is urged to assign to the
- 2 appropriate study committee the topic of the sales and use tax
- 3 deduction for certain bad debt.

